Form (2)

THE REPUBLIC OF THE UNION OF MYANMAR

The Myanmar Investment Commission

PERMIT

Permit No. 879/2014

Date 30th, December 2014

This Permit is issued by the Myanmar Investment Commission according to the section 13, sub - section (b) of the Republic of the Union of Myanmar Foreign Investment Law-

(a) Name of Investor/Promoter DIRECTOR GENERAL, ENERGY PLANNING DEPARTMENT, MINISTRY OF ENERGY

(b) Citizenship MYANMAR

(c) Address BUILDING NO. 6, NAY PYI TAW

(d) Name and Address of Principal Organization MINISTRY OF ENERGY, BUILDING NO. 6, NAY PYI TAW

(e) Place of incorporation BUILDING NO. 6, NAY PYI TAW

(f) Type of Investment Business EXPLORATION & PRODUCTION OF CRUDE OIL AND NATURAL GAS

(g) Place(s) at which investment is permitted DEEP WATER BLOCK (AD-9) RAKHINE OFFSHORE AREA, RAKHINE STATE

(h) Amount of Foreign Capital US$ 380.62 MILLION

(i) Period for Foreign Capital brought in YEAR 2014 TO YEAR 2023

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 380.62 MILLION

(k) Construction period YEAR 2015 TO YEAR 2023

(l) Validity of investment Permit 8 YEARS

(m) Form of investment PRODUCTION SHARING CONTRACT

(n) Name of Company incorporated in Myanmar SHELL MYANMAR ENERGY PTE. LTD. & MOECO OIL & GAS ASIA PTE. LTD.

Chairman

The Myanmar Investment Commission

Confidential

Sr.No ....
Date..................
Republic of the Union of Myanmar * Myanmar Investment Commission *

THE REPUBLIC OF THE UNION OF MYANMAR
MYANMAR INVESTMENT COMMISSION
No.(1), Thitsar Road, Yankin Township, Yangon

Our ref : DICA-5(E)/019/ 2014(152 - A) Tel: 95-1-658130
Date : 30th December 2014. Fax: 95-1-658142

Subject: **Decision of the Myanmar Investment Commission on the Proposal for " Exploration and Production of Crude Oil & Natural Gas for Deep Water Block AD-9 (Rakhine Offshore Area) in Rakhine State" under the name of "Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd."**

Reference: Ministry of Energy, Letter No. 008/916/Hta (972/2014) dated (18-11-2014).

1. The Myanmar Investment Commission, at its meeting (28/2014) held on 12th December 2014 had reviewed the proposal and resolved to permit for investment in "Exploration and Production of Crude Oil & Natural Gas for Deep Water Block AD-9 (Rakhine Offshore Area) in Rakhine State" under the name of "Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd." pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. with the approval of the Cabinet of the Union Government, at its meeting (22/2014) held on 5th November 2014.

2. Hence, the "Permit" is herewith issued in accordance with Chapter VII, section 13(b) of the Foreign Investment Law and Chapter VIII, Rule 49 of the Foreign Investment Rules relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. Subject to the provision of the Memorandum of Co-operation, dated 29th October 2013, the participating interests of the parties in respect of the Production Sharing Contract (PSC) shall be as follows:

Shell Myanmar Energy Pte. Ltd.	(Singapore)	90%
MOECO Oil & Gas Asia Pte. Ltd.	(Singapore)	10%

4. The permitted duration of the project shall be 20 (Twenty) years from the date of completion of development or the expiration of the Crude Oil/ Natural

Gas Sales Agreement, whichever is longer. An initial preparation period shall be 6 (six) months after signing of the contract and may be extended to a certain period. The exploration period shall be 3(three) consecutive years and extendable 2 (two) years one time for first extension and 1 (one) year for second extension period.

5. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall pay 12.5% royalty to the Government of the value of Available Petroleum from the Contract Area.

6. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall pay Signature Bonus of US $ 15 million (United States Dollar fifteen million only) to Myanma Oil & Gas Enterprise within 30 days after entering into the Exploration Period.

7. Production Split between Myanma Oil and Gas Enterprise and Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall be allocated for Development and Production Area as follows:

Crude Oil

Water Depth	2,000 feet or less		more than 2,000 feet	
BOPD	**MOGE(%)**	**CONT (%)**	**MOGE(%)**	**CONT (%)**
0 - 25,000	60	40	55	45
25,001 - 50,000	65	35	60	40
50,001 - 100,000	75	25	65	35
100,001 - 150,000	80	20	75	25
Above 150,000	85	15	80	20

Natural Gas

Water Depth	2,000 feet or less		more than 2,000 feet	
MMCFD	**MOGE(%)**	**CONT (%)**	**MOGE(%)**	**CONT (%)**
0 - 300	60	40	45	55
301 - 600	70	30	50	50
601 - 900	80	20	75	25
Above 900	90	10	80	20

8. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall pay Production Bonus to Myanma Oil and Gas Enterprise with respect to each Crude Oil and Natural Gas development and production area as follows:

Production Bonus

Crude Oil

At BOPD	**US $(MILLION)**
Upon approval of Development Plan	1.00
25,000 (for 90 consecutive days production)	2.00
50,000 (for 90 consecutive days production)	3.00
100,000 (for 90 consecutive days production)	4.00
150,000(for 90 consecutive days production)	5.00
200,000(for 90 consecutive days production)	10.00

Natural Gas

At MMCFD	**US $(MILLION)**
Upon approval of Development Plan	1.00
150 (for 90 consecutive days production)	2.00
300(for 90 consecutive days production)	3.00
600(for 90 consecutive days production)	4.00
750(for 90 consecutive days production)	5.00
900(for 90 consecutive days production)	10.00

9. After the commencement of commercial production of Crude Oil, shall fulfil as its obligation 20%(twenty) percent of Crude Oil and 25% (twenty five) percent of Natural Gas toward the supply of the domestic Crude Oil and Natural Gas market in Myanmar. Myanma Oil and Gas Enterprise shall pay the price equivalent of 90%(ninety) percent of the Fair Market Price.

10. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall provide Training Fund to the amount of US $ 50,000 (United States Dollar fifty thousand only) per contract year for Exploration Period and US $ 100,000 (United States Dollar one hundred thousand only) per contract year for Development and Production Period shall also provide Research and Development Fund to the amount of 0.5% (zero point five) percent of its share of profit Petroleum in favour of Myanma Oil and Gas Enterprise.

11. Myanma Oil and Gas Enterprise shall have the right to demand from Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. 20% (twenty) percent undivided interest after commercial discovery and may extend up to 25% (twenty five) percent greater than 5 TCF Barrel of Oil equivalent.

12. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the shares in the Company.

(a)	If the amount of Net Profit is up to and including US$ 100 million (United States Dollars one hundred million only)	40%
(b)	If the amount of Net Profit is between US$ 100 million and US$ 150 million (United States Dollar one hundred million only and United States Dollar one hundred and fifty million only)	45%
(c)	If the amount of Net Profit is over US$ 150 million (United States Dollar one hundred and fifty million only)	50%

13. In issuing this "Permit," the Commission has granted, the followings, exemptions and reliefs as per section 27(a), (e), (h), (i) and (k) of the Foreign Investment Law. Other exemptions and reliefs under Chapter XII, section 27 shall have to be applied upon the actual performance of the project;

(a) As per section 27(a), income tax exemption for a period of five consecutive years including the year of commencement on commercial operation;

(b) As per section 27(e), right to pay income tax on the income of foreigners at the rates applicable to the citizens residing within the Union;

(c) As per section 27(h), exemption or relief from customs duty or other internal taxes or both on machinery, equipment, instruments, machinery components, spare parts and materials used in the business which are imported as they are actually required for use during the period of construction of business;

(d) As per section 27(i), exemption or relief from customs duty or other internal taxes or both on raw materials imported for production for the first three-year after the completion of construction of business;

(e) As per section 27(k), exemption or relief from commercial tax on the goods produced for export.

14. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall have to sign the Production Sharing Contract with Myanma Oil and Gas Enterprise. After signing the Agreement, (5) copies shall have to be forwarded to the Commission.

15. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

16. The commercial date of operation shall be reported to the Commission.

17. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall endeavour to meet the targets for Exploration and Production of Crude Oil & Natural Gas stated in the proposal as the minimum target.

18. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall have to consult with Directorate of Labour, Ministry of Labour, Employment and Social Security for appointment of such foreign experts and technicians.

19. In order to evaluate foreign capital and for the purpose of its registration in accordance with the provisions under Chapter XV, section 37 of the Foreign Investment Law, it is compulsory to report as early as possible in the following manner:

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened and defined under Chapter XVI, Rules 134 and 135 of the Foreign Investment Rules;

(b) the detailed lists of the type and value of foreign capital defined under Chapter I, section 2(i) of the Foreign Investment Law, other than foreign currency.

20. Whenever Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. brings in foreign capital defined under Chapter I, section 2(i) of the Foreign Investment Law, other than foreign currency in the manner stated in paragraph 19(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

21. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. has the right to make account transfer and expend the foreign currency from his bank account in accordance with Chapter XVI, Rule 136 of the Foreign Investment Rules and for account transfer of local currency generated from the business to the local currency account opened at the bank by a citizen-owned business in the Union and right to transfer back the equivalent amount of foreign currency from the foreign currency bank account of citizen or citizen-owned business by submitting the sufficient document in accordance with Chapter XVII, Rule 145 of the Foreign Investment Rules.

22. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

23. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. shall be responsible for the preservation of the environment at and around the area of the project site. In addition to this, it shall carry out as per instructions made by Ministry of Environmental Conservation and Forestry in which to conduct Environmental Management Plan (EMP), Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) which describe the measures to be taken for preventing, mitigation and monitoring significant environmental impacts resulting from the implementation and operation of proposed project or business or activity has to be prepared and submitted and to perform activities in accordance with these reports and to abide by the environmental policy,

Environmental Conservation Law and other environmental related rules and regulations.

24. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the income of Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd.

25. Shell Myanmar Energy Pte. Ltd. & MOECO Oil & Gas Asia Pte. Ltd. in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter XII , Rules 79 and 80 of the Foreign Investment Law.

(Zay Yar Aung)
Chairman

Director General
Energy Planning Department

cc:
1. Office of the Union Government of the Republic of the Union of Myanmar
2. Ministry of Home Affairs
3. Ministry of Foreign Affairs
4. Ministry of Environmental Conservation and Forestry
5. Ministry of Electric Power
6. Ministry of Immigration and Population
7. Ministry of Energy
8. Ministry of Commerce
9. Ministry of Finance
10. Ministry of National Planning and Economic Development
11. Ministry of Labour, Employment and Social Security
12. Office of the Rakhine State Government
13. Director General, Department of Environmental Conservation
14. Director General, Immigration and National Registration Department
15. Director General, Directorate of Trade
16. Managing Director, Myanma Oil and Gas Enterprise
17. Managing Director, Myanma Foreign Trade Bank
18. Managing Director, Myanma Investment and Commercial Bank
19. Director General, Customs Department

20. Director General, Internal Revenue Department
21. Managing Director, Myanma Insurance
22. Director General, Directorate of Investment and Company Administration
23. Director General, Directorate of Labour
24. Chairman, Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
25. Shell Myanmar Energy Pte. Ltd.
26. MOECO Oil & Gas Asia Pte. Ltd.

MIC

Form (2)

Sr. No. 158 - B

Date 30.12.2014

THE REPUBLIC OF THE UNION OF MYANMAR

The Myanmar Investment Commission

PERMIT

Permit No.880/2014 Date 30th, December 2014

This Permit is issued by the Myanmar Investment Commission according to the section 13, sub - section (b) of the Republic of the Union of Myanmar Foreign Investment Law-

(a) Name of Investor/Promoter DIRECTOR GENERAL, ENERGY PLANNING DEPARTMENT, MINISTRY OF ENERGY

(b) Citizenship MYANMAR

(c) Address BUILDING NO. 6, NAY PYI TAW

(d) Name and Address of Principal Organization MINISTRY OF ENERGY, BUILDING NO. 6, NAY PYI TAW

(e) Place of incorporation BUILDING NO. 6, NAY PYI TAW

(f) Type of Investment Business EXPLORATION & PRODUCTION OF CRUDE OIL AND NATURAL GAS

(g) Place(s) at which investment is permitted DEEP WATER BLOCK (AD-11) RAKHINE OFFSHORE AREA, RAKHINE STATE

(h) Amount of Foreign Capital US$ 377.62 MILLION

(i) Period for Foreign Capital brought in YEAR 2015 TO YEAR 2023

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 377.62 MILLION

(k) Construction period YEAR 2015 TO YEAR 2023

(l) Validity of investment Permit 8 YEARS

(m) Form of investment PRODUCTION SHARING CONTRACT

(n) Name of Company incorporated in Myanmar SHELL MYANMAR ENERGY PTE. LTD. & MOECO ASIA OFFSHORE PTE. LTD.

Chairman

The Myanmar Investment Commission

Republic of the Union of Myanmar ★ Myanmar Investment Commission
Sr,No................
Date................

THE REPUBLIC OF THE UNION OF MYANMAR
MYANMAR INVESTMENT COMMISSION
No.(1), Thitsar Road, Yankin Township, Yangon

Our ref : DICA-5(E)/020/ 2014(152 - B) Tel: 95-1-658130
Date : 20th December 2014. Fax: 95-1-658142

Subject: **Decision of the Myanmar Investment Commission on the Proposal for " Exploration and Production of Crude Oil & Natural Gas for Deep Water Block AD-11 (Rakhine Offshore Area) in Rakhine State" under the name of "Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd."**

Reference: Ministry of Energy, Letter No. 008/916/Hta (972/2014) dated (18-11-2014).

1. The Myanmar Investment Commission, at its meeting (28/2014) held on 12th December 2014 had reviewed the proposal and resolved to permit for investment in "Exploration and Production of Crude Oil & Natural Gas for Deep Water Block AD-11 (Rakhine Offshore Area) in Rakhine State" under the name of "Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd." pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. with the approval of the Cabinet of the Union Government, at its meeting (22/2014) held on 5th November 2014.

2. Hence, the "Permit" is herewith issued in accordance with Chapter VII, section 13(b) of the Foreign Investment Law and Chapter VIII, Rule 49 of the Foreign Investment Rules relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

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Shell Myanmar Energy Pte. Ltd.	(Singapore)	90%
MOECO Asia Offshore Pte. Ltd.	(Singapore)	10%

4. The permitted duration of the project shall be 20 (Twenty) years from the date of completion of development or the expiration of the Crude Oil/ Natural Gas Sales Agreement, whichever is longer. An initial preparation period shall be

6 (six) months after signing of the contract and may be extended to a certain period. The exploration period shall be 3(three) consecutive years and extendable 2 (two) years one time for first extension and 1 (one) year for second extension period.

5. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd.shall pay 12.5% royalty to the Government of the value of Available Petroleum from the Contract Area.

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Crude Oil

Water Depth	2,000 feet or less		more than 2,000 feet	
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50,001 - 100,000	75	25	65	35
100,001 - 150,000	80	20	75	25
Above 150,000	85	15	80	20

Natural Gas

Water Depth	2,000 feet or less		more than 2,000 feet	
MMCFD	**MOGE(%)**	**CONT (%)**	**MOGE(%)**	**CONT (%)**
0 - 300	60	40	45	55
301 - 600	70	30	50	50
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Production Bonus

Crude Oil

At BOPD	US $(MILLION)
Upon approval of Development Plan	1.00
25,000 (for 90 consecutive days production)	2.00
50,000 (for 90 consecutive days production)	3.00
100,000 (for 90 consecutive days production)	4.00
150,000(for 90 consecutive days production)	5.00
200,000(for 90 consecutive days production)	10.00

Natural Gas

At MMCFD	US $(MILLION)
Upon approval of Development Plan	1.00
150 (for 90 consecutive days production)	2.00
300(for 90 consecutive days production)	3.00
600(for 90 consecutive days production)	4.00
750(for 90 consecutive days production)	5.00
900(for 90 consecutive days production)	10.00

9. After the commencement of commercial production of Crude Oil, shall fulfil as its obligation 20%(twenty) percent of Crude Oil and 25% (twenty five) percent of Natural Gas toward the supply of the domestic Crude Oil and Natural Gas market in Myanmar. Myanma Oil and Gas Enterprise shall pay the price equivalent of 90%(ninety) percent of the Fair Market Price.

10. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. shall provide Training Fund to the amount of US $ 50,000 (United States Dollar fifty thousand only) per contract year for Exploration Period and US $ 100,000 (United States Dollar one hundred thousand only) per contract year for Development and Production Period shall also provide Research and Development Fund to the amount of 0.5% (zero point five) percent of its share of profit Petroleum in favour of Myanma Oil and Gas Enterprise.

11. Myanma Oil and Gas Enterprise shall have the right to demand from Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. 20% (twenty) percent undivided interest after commercial discovery and may extend up to 25% (twenty five) percent greater than 5 TCF Barrel of Oil equivalent.

12. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the shares in the Company.

(a)	If the amount of Net Profit is up to and including US$ 100 million (United States Dollars one hundred million only)	40%
(b)	If the amount of Net Profit is between US$ 100 million and US$ 150 million (United States Dollar one hundred million only and United States Dollar one hundred and fifty million only)	45%
(c)	If the amount of Net Profit is over US$ 150 million (United States Dollar one hundred and fifty million only)	50%

13. In issuing this "Permit," the Commission has granted, the followings, exemptions and reliefs as per section 27(a), (e), (h), (i) and (k) of the Foreign Investment Law. Other exemptions and reliefs under Chapter XII, section 27 shall have to be applied upon the actual performance of the project;

(a) As per section 27(a), income tax exemption for a period of five consecutive years including the year of commencement on commercial operation;

(b) As per section 27(e), right to pay income tax on the income of foreigners at the rates applicable to the citizens residing within the Union;

(c) As per section 27(h), exemption or relief from customs duty or other internal taxes or both on machinery, equipment, instruments, machinery components, spare parts and materials used in the business which are imported as they are actually required for use during the period of construction of business;

(d) As per section 27(i), exemption or relief from customs duty or other internal taxes or both on raw materials imported for production for the first three-year after the completion of construction of business;

(e) As per section 27(k), exemption or relief from commercial tax on the goods produced for export.

14. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. shall have to sign the Production Sharing Contract with Myanma Oil and Gas Enterprise. After signing the Agreement, (5) copies shall have to be forwarded to the Commission.

15. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

16. The commercial date of operation shall be reported to the Commission.

17. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. shall endeavour to meet the targets for Exploration and Production of Crude Oil & Natural Gas stated in the proposal as the minimum target.

18. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. shall have to consult with Directorate of Labour, Ministry of Labour, Employment and Social Security for appointment of such foreign experts and technicians.

19. In order to evaluate foreign capital and for the purpose of its registration in accordance with the provisions under Chapter XV, section 37 of the Foreign Investment Law, it is compulsory to report as early as possible in the following manner:

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened and defined under Chapter XVI, Rules 134 and 135 of the Foreign Investment Rules;

(b) the detailed lists of the type and value of foreign capital defined under Chapter I, section 2(i) of the Foreign Investment Law, other than foreign currency.

20. Whenever Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. brings in foreign capital defined under Chapter I, section 2(i) of the Foreign Investment Law, other than foreign currency in the manner stated in paragraph 19(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

21. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. has the right to make account transfer and expend the foreign currency from his bank account in accordance with Chapter XVI, Rule 136 of the Foreign Investment Rules and for account transfer of local currency generated from the business to the local currency account opened at the bank by a citizen-owned business in the Union and right to transfer back the equivalent amount of foreign currency from the foreign currency bank account of citizen or citizen-owned business by submitting the sufficient document in accordance with Chapter XVII, Rule 145 of the Foreign Investment Rules.

22. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

23. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. shall be responsible for the preservation of the environment at and around the area of the project site. In addition to this, it shall carry out as per instructions made by Ministry of Environmental Conservation and Forestry in which to conduct Environmental Management Plan (EMP), Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) which describe the measures to be taken for preventing, mitigation and monitoring significant environmental impacts resulting from the implementation and operation of proposed project or business or activity has to be prepared and submitted and to perform activities in accordance with these reports and to abide by the environmental policy, Environmental Conservation Law and other environmental related rules and regulations.

24. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the income of Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd.

25. Shell Myanmar Energy Pte. Ltd. & MOECO Asia Offshore Pte. Ltd. in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter XII , Rules 79 and 80 of the Foreign Investment Law.

(Zay Yar Aung)
Chairman

Director General
Energy Planning Department

cc:
1. Office of the Union Government of the Republic of the Union of Myanmar
2. Ministry of Home Affairs
3. Ministry of Foreign Affairs
4. Ministry of Environmental Conservation and Forestry
5. Ministry of Electric Power
6. Ministry of Immigration and Population
7. Ministry of Energy
8. Ministry of Commerce
9. Ministry of Finance
10. Ministry of National Planning and Economic Development
11. Ministry of Labour, Employment and Social Security
12. Office of the Rakhine State Government
13. Director General, Department of Environmental Conservation
14. Director General, Immigration and National Registration Department
15. Director General, Directorate of Trade
16. Managing Director, Myanma Oil and Gas Enterprise
17. Managing Director, Myanma Foreign Trade Bank
18. Managing Director, Myanma Investment and Commercial Bank
19. Director General, Customs Department
20. Director General, Internal Revenue Department
21. Managing Director, Myanma Insurance

22. Director General, Directorate of Investment and Company Administration
23. Director General, Directorate of Labour
24. Chairman, Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
25. Shell Myanmar Energy Pte. Ltd.
26. MOECO Asia Offshore Pte. Ltd.

(27)

Form (2)

Sr. No. 152 - C

Date 30-12-2014

THE REPUBLIC OF THE UNION OF MYANMAR

The Myanmar Investment Commission

PERMIT

Permit No.881/2014

Date 30th , December 2014

This Permit is issued by the Myanmar Investment Commission according to the section 13, sub - section (b) of the Republic of the Union of Myanmar Foreign Investment Law-

(a) Name of Investor/Promoter DIRECTOR GENERAL, ENERGY PLANNING DEPARTMENT, MINISTRY OF ENERGY

(b) Citizenship MYANMAR

(c) Address BUILDING NO. 6, NAY PYI TAW

(d) Name and Address of Principal Organization MINISTRY OF ENERGY, BUILDING NO. 6, NAY PYI TAW

(e) Place of incorporation BUILDING NO. 6, NAY PYI TAW

(f) Type of Investment Business EXPLORATION & PRODUCTION OF CRUDE OIL AND NATURAL GAS

(g) Place(s) at which investment is permitted DEEP WATER BLOCK (MD-5) TANINTHAYI OFFSHORE AREA, TANINTHAYI REGION

(h) Amount of Foreign Capital US$ 457.12 MILLION

(i) Period for Foreign Capital brought in YEAR 2015 TO YEAR 2023

(j) Total amount of capital (Kyat) EQUIVALENT IN KYAT OF US$ 457.12 MILLION

(k) Construction period YEAR 2015 TO YEAR 2023

(l) Validity of investment Permit 8 YEARS

(m) Form of investment PRODUCTION SHARING CONTRACT

(n) Name of Company incorporated in Myanmar SHELL MYANMAR ENERGY PTE. LTD. & MOECO ASIA SOUTH PTE. LTD.

Chairman

The Myanmar Investment Commission

Republic of the Union of Myanmar
Sr,No..............
Date..............
Myanmar Investment Commission

THE REPUBLIC OF THE UNION OF MYANMAR
MYANMAR INVESTMENT COMMISSION
No.(1), Thitsar Road, Yankin Township, Yangon

Our ref : DICA-5(E)/021/ 2014(152 - C) Tel: 95-1-658130
Date : 30th December 2014. Fax: 95-1-658142

Subject: **Decision of the Myanmar Investment Commission on the Proposal for " Exploration and Production of Crude Oil & Natural Gas for Deep Water Block MD-5 (Taninthayi Offshore Area) in Taninthayi Region" under the name of "Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd."**

Reference: Ministry of Energy, Letter No. 008/916/Hta (972/2014) dated (18-11-2014).

1. The Myanmar Investment Commission, at its meeting (28/2014) held on 12th December 2014 had reviewed the proposal and resolved to permit for investment in "Exploration and Production of Crude Oil & Natural Gas for Deep Water Block MD-5 (Taninthayi Offshore Area) in Taninthayi Region" under the name of "Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd." pursuant to the Production Sharing Contract to be signed between Myanma Oil and Gas Enterprise and Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. with the approval of the Cabinet of the Union Government, at its meeting (22/2014) held on 5th November 2014.

2. Hence, the "Permit" is herewith issued in accordance with Chapter VII, section 13(b) of the Foreign Investment Law and Chapter VIII, Rule 49 of the Foreign Investment Rules relating to the said Law. Terms and conditions to the "Permit" are stated in the following paragraphs.

3. Subject to the provision of the Memorandum of Co-operation, dated 29th October 2013, the participating interests of the parties in respect of the Production Sharing Contract (PSC) shall be as follows:

Shell Myanmar Energy Pte. Ltd.	(Singapore)	90%
MOECO Asia South Pte. Ltd.	(Singapore)	10%

4. The permitted duration of the project shall be 20 (Twenty) years from the date of completion of development or the expiration of the Crude Oil/ Natural

Gas Sales Agreement, whichever is longer. An initial preparation period shall be 6 (six) months after signing of the contract and may be extended to a certain period. The exploration period shall be 3(three) consecutive years and extendable 2 (two) years one time for first extension and 1 (one) year for second extension period.

5. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall pay 12.5% royalty to the Government of the value of Available Petroleum from the Contract Area.

6. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall pay Signature Bonus of US $ 31 million (United States Dollar thirty-one million only) to Myanma Oil & Gas Enterprise within 30 days after entering into the Exploration Period.

7. Production Split between Myanma Oil and Gas Enterprise and Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall be allocated for Development and Production Area as follows:

Crude Oil

Water Depth	2,000 feet or less		more than 2,000 feet	
BOPD	**MOGE(%)**	**CONT (%)**	**MOGE(%)**	**CONT (%)**
0 - 25,000	60	40	55	45
25,001 - 50,000	65	35	60	40
50,001 - 100,000	75	25	65	35
100,001 - 150,000	80	20	75	25
Above 150,000	85	15	80	20

Natural Gas

Water Depth	2,000 feet or less		more than 2,000 feet	
MMCFD	**MOGE(%)**	**CONT (%)**	**MOGE(%)**	**CONT (%)**
0 - 300	60	40	55	45
301 - 600	70	30	60	40
601 - 900	80	20	70	30
Above 900	90	10	75	25

8. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall pay Production Bonus to Myanma Oil and Gas Enterprise with respect to each Crude Oil and Natural Gas development and production area as follows:

Production Bonus

Crude Oil

At BOPD	**US $(MILLION)**
Upon approval of Development Plan	1.00
25,000 (for 90 consecutive days production)	2.00
50,000 (for 90 consecutive days production)	3.00
100,000 (for 90 consecutive days production)	4.00
150,000(for 90 consecutive days production)	5.00
200,000(for 90 consecutive days production)	10.00

Natural Gas

At MMCFD	**US $(MILLION)**
Upon approval of Development Plan	1.00
150 (for 90 consecutive days production)	2.00
300(for 90 consecutive days production)	3.00
600(for 90 consecutive days production)	4.00
750(for 90 consecutive days production)	5.00
900(for 90 consecutive days production)	10.00

9. After the commencement of commercial production of Crude Oil, shall fulfil as its obligation 20%(twenty) percent of Crude Oil and 25% (twenty five) percent of Natural Gas toward the supply of the domestic Crude Oil and Natural Gas market in Myanmar. Myanma Oil and Gas Enterprise shall pay the price equivalent of 90%(ninety) percent of the Fair Market Price.

10. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall provide Training Fund to the amount of US $ 50,000 (United States Dollar fifty thousand only) per contract year for Exploration Period and US $ 100,000 (United States Dollar one hundred thousand only) per contract year for Development and Production Period shall also provide Research and Development Fund to the amount of 0.5% (zero point five) percent of its share of profit Petroleum in favour of Myanma Oil and Gas Enterprise.

11. Myanma Oil and Gas Enterprise shall have the right to demand from Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. 20% (twenty) percent undivided interest after commercial discovery and may extend up to 25% (twenty five) percent greater than 5 TCF Barrel of Oil equivalent.

12. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. is liable to pay the Government the following tranches out of the net profit made on the sale or transfer of the shares in the Company.

(a)	If the amount of Net Profit is up to and including US$ 100 million (United States Dollars one hundred million only)	40%
(b)	If the amount of Net Profit is between US$ 100 million and US$ 150 million (United States Dollar one hundred million only and United States Dollar one hundred and fifty million only)	45%
(c)	If the amount of Net Profit is over US$ 150 million (United States Dollar one hundred and fifty million only)	50%

13. In issuing this "Permit," the Commission has granted, the followings, exemptions and reliefs as per section 27(a), (e), (h), (i) and (k) of the Foreign Investment Law. Other exemptions and reliefs under Chapter XII, section 27 shall have to be applied upon the actual performance of the project;

(a) As per section 27(a), income tax exemption for a period of five consecutive years including the year of commencement on commercial operation;

(b) As per section 27(e), right to pay income tax on the income of foreigners at the rates applicable to the citizens residing within the Union;

(c) As per section 27(h), exemption or relief from customs duty or other internal taxes or both on machinery, equipment, instruments, machinery components, spare parts and materials used in the business which are imported as they are actually required for use during the period of construction of business;

(d) As per section 27(i), exemption or relief from customs duty or other internal taxes or both on raw materials imported for production for the first three-year after the completion of construction of business;

(e) As per section 27(k), exemption or relief from commercial tax on the goods produced for export.

14. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall have to sign the Production Sharing Contract with Myanma Oil and Gas Enterprise. After signing the Agreement, (5) copies shall have to be forwarded to the Commission.

15. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall use its best efforts for timely realization of works stated in the Proposal. If none of such works has been commenced within one year from the date of issue of this "Permit", it shall become null and void.

16. The commercial date of operation shall be reported to the Commission.

17. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall endeavour to meet the targets for Exploration and Production of Crude Oil & Natural Gas stated in the proposal as the minimum target.

18. The Commission approves periodical appointments of foreign experts and technicians from abroad as per proposal Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall have to consult with Directorate of Labour, Ministry of Labour, Employment and Social Security for appointment of such foreign experts and technicians.

19. In order to evaluate foreign capital and for the purpose of its registration in accordance with the provisions under Chapter XV, section 37 of the Foreign Investment Law, it is compulsory to report as early as possible in the following manner:

(a) the amount of foreign currency brought into Myanmar, attached with the necessary documents issued by the respective bank where the account is opened and defined under Chapter XVI, Rules 134 and 135 of the Foreign Investment Rules;

(b) the detailed lists of the type and value of foreign capital defined under Chapter I, section 2(i) of the Foreign Investment Law, other than foreign currency.

20. Whenever Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. brings in foreign capital defined under Chapter I, section 2(i) of the Foreign Investment Law, other than foreign currency in the manner stated in paragraph 19(b) mentioned above, the Inspection Certificate endorsed and issued by an internationally recognized Inspection Firm with regard to quantity, quality and price of imported materials shall have to be attached.

21. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. has the right to make account transfer and expend the foreign currency from his bank account in accordance with Chapter XVI, Rule 136 of the Foreign Investment Rules and for account transfer of local currency generated from the business to the local currency account opened at the bank by a citizen-owned business in the Union and right to transfer back the equivalent amount of foreign currency from the foreign currency bank account of citizen or citizen-owned business by submitting the sufficient document in accordance with Chapter XVII, Rule 145 of the Foreign Investment Rules.

22. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall report to the Commission of any alteration in the physical and financial plan of the project. Cost over run, over and above the investment amount pledged in both local and foreign currency shall have to be reported as early as possible.

23. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. shall be responsible for the preservation of the environment at and around the area of the project site. In addition to this, it shall carry out as per instructions made by Ministry of Environmental Conservation and Forestry in which to conduct Environmental Management Plan (EMP), Environmental Impact Assessment (EIA) and Social Impact Assessment (SIA) which describe the measures to be taken for preventing, mitigation and monitoring significant environmental impacts resulting from the implementation and operation of proposed project or business or activity has to be prepared and submitted and to perform activities in accordance with these reports and to abide by the environmental policy, Environmental Conservation Law and other environmental related rules and regulations.

24. Payment of principal and interest of the loan (if any) as well as payment for import of raw materials and spare parts etc. shall only be made out of the income of Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd.

25. Shell Myanmar Energy Pte. Ltd. & MOECO Asia South Pte. Ltd. in consultation with Myanma Insurance, shall effect such types of insurance defined under Chapter XII , Rules 79 and 80 of the Foreign Investment Law.

(Zay Yar Aung)
Chairman

Director General
Energy Planning Department

cc:
1. Office of the Union Government of the Republic of the Union of Myanmar
2. Ministry of Home Affairs
3. Ministry of Foreign Affairs
4. Ministry of Environmental Conservation and Forestry
5. Ministry of Electric Power
6. Ministry of Immigration and Population
7. Ministry of Energy
8. Ministry of Commerce
9. Ministry of Finance
10. Ministry of National Planning and Economic Development
11. Ministry of Labour, Employment and Social Security
12. Office of the Taninthayi Region Government
13. Director General, Department of Environmental Conservation
14. Director General, Immigration and National Registration Department
15. Director General, Directorate of Trade
16. Managing Director, Myanma Oil and Gas Enterprise
17. Managing Director, Myanma Foreign Trade Bank
18. Managing Director, Myanma Investment and Commercial Bank
19. Director General, Customs Department
20. Director General, Internal Revenue Department
21. Managing Director, Myanma Insurance

22. Director General, Directorate of Investment and Company Administration
23. Director General, Directorate of Labour
24. Chairman, Republic of the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI)
25. Shell Myanmar Energy Pte. Ltd.
26. MOECO Asia South Pte. Ltd.